

Mark Sanford, Chairman
Governor

Converse A. Chellis, III, CPA
State Treasurer

Richard Eckstrom, CPA
Comptroller General

State Budget and Control Board South Carolina Retirement Systems

Peggy G. Boykin, CPA
Director

Hugh K. Leatherman, Sr.
Chairman,
Senate Finance Committee

Daniel T. Cooper
Chairman,
Ways and Means Committee

Frank W. Fusco
Executive Director

Retiring South Carolina's Public Workforce For Life

MEMORANDUM

DATE: November 18, 2008

TO: State Agencies – Payroll and Human Resources Departments

FROM: Peggy G. Boykin, CPA
Director, South Carolina Retirement Systems

RE: Furlough Program

The General Appropriations Act for Fiscal Year 2008-2009 authorizes agency heads to institute a furlough program. State agencies and departments are responsible for the payment of benefits that require employer and employee contributions if coverage would otherwise be interrupted.

The following policies and procedures have been established for the purpose of reporting retirement contributions for members of South Carolina Retirement System (SCRS) or Police Officers Retirement System (PORS) members on furlough. For guidance on the treatment of State Optional Retirement Program (State ORP) participants during a furlough, please see the State ORP Participants section of this memorandum.

SCRS or PORS Members

- The employee must be on an approved furlough in accordance with the agency furlough program.
- Employers should submit a *Supplemental Service Report* (Form 1224) to the Retirement Systems **quarterly** for all employees participating in a furlough program. Contributions must be remitted based on the amount of missing wages, not the full quarterly wage amount, in order to make the employees' accounts whole.
- The employee contribution (6.5 percent for SCRS and PORS), employer contribution (9.24 percent for SCRS and 10.65 percent for PORS), retiree insurance surcharge (3.50 percent effective 7/1/08), group life insurance premium (0.15 percent for SCRS and 0.20 percent for PORS), and accidental death premium (0.20 percent for PORS only) are payable for employees during a furlough period. The contributions are based on the rate of salary immediately prior to a furlough period.
- Retirement contributions are not payable for Teacher and Employee Retention Incentive (TERI) participants or working retirees for a furlough period.

- A TERI retiree participating in a furlough program will not be considered as having a break in service. Participation in the TERI program may continue during a furlough period.
- Coverage under the retirement group life insurance program, accidental death program, and eligibility for survivor and disability benefits continues to be provided to an active member during a furlough leave period.

State ORP Participants

The following policies and procedures have been established for the purpose of reporting retirement contributions for State ORP participants on furlough.

- The employee must be on an approved furlough in accordance with the agency furlough program.
- All state agencies reporting through the Comptroller's General (CG's) Office should remit to the CG's office the total amount for both employee and employer contributions, along with original supplemental reports (Retirement Systems Form 1224). You may contact Judy Smoak at the CG's Office at (803) 734-2529 for specific instructions.
- The CG's Office will be responsible for remitting the employee's contribution (6.5 percent) and applicable employer's contribution (5 percent) to the appropriate ORP investment provider(s).
- The CG's Office will also forward to the Retirement Systems the applicable portion of the employer liability along with the supplemental reports. The employer contribution (4.24 percent) retained by the Retirement Systems, retiree insurance surcharge (3.50 percent effective 7/1/08), and group life insurance premium (0.15 percent) are payable to the Retirement Systems for employees during a furlough period. The contributions are based on the rate of salary immediately prior to a furlough leave period. The contribution rate for the fiscal year applicable to the furlough period should be used in the calculation of the employer liability.

If you have any questions or need additional information, please contact our Customer Services Call Center toll free at (800) 868-9002, or at (803) 737-6800.